

## State Procurement Office

### Workshop

## The Basics of Procuring Health and Human Services

Pursuant to HRS Chapter 103F

### **What Is Procurement?**

According to the Dictionary

- The purchasing, leasing, renting, or selling of materials, services, equipment, or construction (as for a government agency)
- The act of getting possession of something; "He was responsible for the procurement of materials and supplies."

## Why Do We Procure? Why Are There So Many Rules?

- We represent the government  
Taxpayer funds (it's not your money)
  - Accountability
  - Fiscal ResponsibilityRules protect you.

## Procurement Guiding Principles

- Competitive  
As much competition as possible.
- Fair and open process  
Everyone knows about it and has access.  
Transparent - nothing hidden.
- Best value  
You get what you pay for.  
It is a good price.

## About the State Procurement Office (SPO)

SPO is the central authority on procurement statutes and rules for the State and its counties. Procurement of goods, services, and construction (HRS Chapter 103D) and health and human services (HRS Chapter 103F) are decentralized, each jurisdiction having authority to purchase, however SPO remains the central source on matters of procurement policy. SPO's services includes:

- Price and vendor lists; complex procurements for agencies (Chapter 103D)
- Training
- Procurement Card (p-Card) Management
- Hawaii e-Procurement System (HePS)
- Inventory Management & Excess Property
- Surplus Property

### SPO

Administrator: Aaron Fujioka

Assistant Administrator: Ruth Yamaguchi

## The Differences

	HRS Chapter 103D	HRS Chapter 103F
<b>Known As</b>	Hawaii Procurement Code	Purchases of Health and Human Services
<b>Procurement of</b>	Goods, services, and construction for government operations	Health and human services for the health and social well being of the public
<b>Most Frequent Procurement Method</b>	Invitation for Bids (IFB)	Request for Proposals (RFP)
<b>Applies To</b>	State Agencies Counties	State Agencies Optional for Counties

## **Definition of Health and Human Services**

Services to communities, families, or individuals which are intended to maintain or improve health or social well-being through methods including, but not limited to:

- a) Assessment, treatment, diagnosis, prevention and education services provided directly to a target clientele; or
- b) Insurance coverage for assessment, treatment, diagnosis, prevention and education services provided directly to a target clientele.

## **Purpose of HRS Chapter 103F**

- Procure, as competitively as possible, health and human services for Hawaii's communities, families and individuals
- Single, Uniform Process
  - Consistency
  - Transparency (Fair and open process)
- Optimize Resources
  - Best value
    - Share information –Planning and working together
    - No duplication or waste
    - Collaboration is a good thing (collusion is not.)

### **How do I know if a procurement is subject to HRS Chapter 103F?**

1. The procurement must be for services (as opposed to goods.)
2. The service must be intended to maintain or improve health or social well-being and may include assessment, treatment, diagnosis, prevention or educational services.
3. The service is to be provided **directly to a targeted clientele.**

### **HRS CHAPTER 103F** **Purchases of Health and Human Services**

- Part I. General Provisions  
(§§103F-101 to 103F-106)
- Part II. Planning Organization  
(§§103F-201 to 103F-203)
- Part III. Procurement Organization  
(§§103F-301 to 103F-302)
- Part IV. Source Selection and Contract Formation  
(§§103F-401 to 103F-414)
- Part V. Protests  
(§§103F-501 to 103F-504)

## Hawaii Administrative Rules Chapters 3-140 to 3-149

3-140	Definitions
3-141	General Provisions
3-142	Planning
3-143 to 3-147	Chapters on each method of procurement (5 methods of procurement)
3-148	Protests and Requests for Reconsideration
3-149	Contracting

## HAR Chapter 3-140 Definitions

Some terms you should know:

- **Chief Procurement Officer (CPO):** Those officials designated by HRS §103D-203.
  - Dept. of Education: Superintendent  
Patricia Hamamoto
  - Judiciary: Administrative Director of the Courts  
Thomas Kellar
  - Executive Branch: State Procurement Office  
Administrator  
Aaron Fujioka

*HAR Chapter 3-140: Definitions (continued)*

- **Administrator:** The administrator of the State Procurement Office.
- **Contract:** All types of agreements, regardless of what they may be called.
- **Procurement Officer:** Any person with delegated authority from the head of a purchasing agency, the chief procurement officer, or a designee of either, to enter into and administer contracts, and to make written determinations with respect thereto.

*HAR Chapter 3-140: Definitions (continued)*

- **Public Funds:** Funds from any combination of federal, state, and local government sources.
- **Unit of Service:** A measurable unit of service activity, productivity, or performance as determined by the purchasing agency, including but not limited to:
  - a) A unit of time, such as an hour of counseling, or a residential day;
  - b) The completion of prescribed procedure, such as a client evaluation; or
  - c) Any other measurable unit of service.

## HAR Chapter 3-141 **GENERAL PROVISIONS**

- Purpose and Scope
- General Grounds for Rejection
- Record Keeping
- General Operating Procedures
- Waivers and Exemptions
- Procurement Violations

### *HAR Chapter 3-141: General Provisions (continued)*

#### Exemptions: HRS Chapter 103F-101

- 1) Contracts to award grants or subsidies of state funds appropriated by the legislature to a specific organization or individual.
- 2) Transactions between or among government agencies, including but not limited to agreements, contracts, and grants.
- 3) Transactions that the chief procurement officer determines are exempt under rules adopted by the policy board. (HAR §3-141-503)



## **HRS Chapter 103F**

### **Five Methods of Procurement**

- **Competitive (RFP)**  
(HAR Chapter 3-143)
- **Restrictive (Sole Source)**  
(HAR Chapter 3-144)
- **Treatment**  
(HAR Chapter 3-145)
- **Small Purchase** (Beware of parceling)  
(HAR Chapter 3-146)
- **Crisis** (The client's, not yours)  
(HAR Chapter 3-147)

## **HAR Chapter 3-143**

### **Competitive Purchase of Service**

- Method of procurement used most often.
- Request for Proposals (RFP) solicited for selection of providers and awarding contracts for delivery of health and human services.
- Public notice required
- Term of contract: As stated in the request for proposals.
- Protestable

### HAR Chapter 3-144 **Restrictive (Sole Source) Purchase of Service**

- **Bases for a restrictive purchase include, but are not limited to:**
  - 1) Service in a particular geographic area available from only one provider.
  - 2) Service with a unique cultural approach designed for a limited target group available from only one provider.
  - 3) Only one provider satisfies limitations imposed by funding source.
- **Approval Required:** Head of purchasing agency makes a written determination. Chief procurement officer (CPO) approves/disapproves the determination in writing. Request posted by SPO 7 days prior to CPO action.
- **Term Limit of Contract:** Not to exceed 2 years
- **Protestable**

### HAR Chapter 3-145 **Treatment Method of Procurement**

- For health and social work professional services
- Bases for use:
  - 1) Services are for \$100,000 or less;
  - 2) Contract term 1 year or less; and
  - 3) Service is only needed sporadically, or problem could get worse if have to wait till competitively procured.
- Includes but not limited to medical treatment, counseling, physical, occupational and other therapeutic services, and referral and case management for those services.

*HAR Chapter 3-145: Treatment (continued)*

- The State Procurement Office solicits for providers to submit statements of qualifications to the office of the administrator.
- Committees of at least 3 qualified employees evaluate submissions and other pertinent information, and a list of all qualified applicants is prepared.
- When the need to purchase arises, the head of the purchasing agency selects most qualified provider and a contract is negotiated. If negotiations fail, another provider is selected from the list.

**HAR Chapter 3-146  
Small Purchases of Services**

- Monetary Cap: Less than \$25,000
- In accordance with requirements and rules for small purchases. Generally, this means obtaining 3 quotes.
- Parceling is not permitted. Dividing the purchase of same, like or related services into service purchases of smaller quantities, to evade the statutory competition purchase of service requirements is not allowed.

### **HAR Chapter 3-147 Crisis Purchase of Services**

- Services for crises seriously threatening life, health or safety; are not already available, and needed immediately.
- Both of the following must be met:
  - The crisis results from domestic violence, physical or mental illness or injury, homelessness, etc. and results in a serious threat to life, health and safety.
  - The crisis generates an immediate and serious need for health or human services that cannot be met by any other purchasing agency that provides health and human services, or under other provisions of HRS Chapter 103F.

#### ***Where can I find a listing of exempt, restrictive and crisis awards? Treatment list?***

- <http://hawaii.gov/spo>
- Click on:  
“Health and Human Services...”
- For the list of exempt, restrictive and crisis awards:  
Click on “Awards and Approvals”
- For the Treatment List:  
At the “Health and Human Services...” web page,  
click on “Treatment List.”

## **Planning Tools**

### **(HAR Chapter 3-142)**

- Planning: Various activities to determine services to purchase
  - Request for Information
  - Each Other
  - Collaboration of Providers
  - Contracts Database

## **Requests for Information**

HAR §3-142-202

- Purchasing agency shall conduct at least one RFI in preparation for an RFP.  
Recommendation: Conduct 2 RFI's if it is a new service or if modifying the service or configuration of services.
- Describe the information being sought.
- Set the procedure for responding.

*Requests for Information (continued)*

- Be sure to include:
  - Statement that participation is optional and is not required to respond to a subsequent request for proposals.
  - Statement that the purchasing agency reserves the right to incorporate or not incorporate any recommendations presented in the response to the request.
  - Statement that neither the purchasing agency nor the interested party responding has any obligation under the request for information.

**Competitive Purchase of Service**

HAR Chapter 3-143

**RFP Templates**

- **(Regular) RFP Template**
  - For most procurements
- **Short-Form RFP Template**
  - When the service is clearly defined and
  - Award is based on:
    - meeting minimum qualifications, and
    - price

*RFP Template (continued)*

Section	Cover letter Mail-in and delivery information
1	Administrative Overview
2	Service Specifications
3	Proposal Application Instructions
4	Proposal Evaluation
5	Attachments
	Proposal Application Checklist

**HAR Chapter 3-148**

**Protests**

and Requests for Reconsideration

- Only 2 methods of procurement may be protested:
  - Competitive (RFP)
  - Restrictive (Sole Source)
- Basis for Protests
  - Failure to follow:
    - HRS Chapter 103F
    - HAR Chapter 103F
    - The RFP

(Forms and instructions are on the SPO website.)

## HAR Chapter 3-149 **Contracting**

Can negotiate for a more advantageous contract for the state. What is negotiable:

- Contractual terms and conditions not specifically discussed in the request for proposals (RFP); and
- Contractual terms and conditions which are substantially the same **do not** constitute a material change to the proposal.

## ***Contract Templates***

- 6 contract templates available:
  - 1 for each method of procurement and one for exempt procurements
- Each template has the same general conditions.
- The general conditions are located at <http://hawaii.gov/spo>
  - ... 'Health & Human Services'
  - ... 'What's on this Site'
  - ... 'Contracting'



## **Contracts Database Reporting System (CDRS)**

- Mandatory online reporting as contracts are executed/amended replaces the annual reporting- streamlines reporting.
- Reports are more timely and accurate.
- Good method of keeping track of your contracts.
- Used for planning/collaboration.

### *What Must be Reported on the CDRS?*

- All forms of agreements:  
Formal contracts, MOAs, MOUs, POs
- All methods of procurement: Competitive Restrictive, Treatment, Crisis, Small Purchases
- Purchases of Health and Human Services Exempt From HRS Chapter 103F

### *Deadlines for Reporting on the CDRS*

<b>Data</b>	<b>Deadline</b>
New contracts, MOAs, etc.	5 working days of execution
Purchase Orders	5 working days of issuance
Amendments	5 working days of execution
Funds Actually expended	60 days of close of fiscal year and 90 days of contract expiration
Major Accomplishments	90 days of contract expiration

The Health and Human Services  
Contracts Database Reporting System  
Handbook

is a ***step-by-step*** manual.

Download and **USE** it!

It will save you time.

(<http://hawaii.gov/spo>, Look under “For State Agencies.”)

## **Procurement Notices System (PNS) and the RFP Website (RFPW)**

### **Mandatory**

- You must post the RFP notice on the PNS,  
and
- The RFP must be posted on the RFPW.

(There are step-by-step manuals for each on the SPO website. Download and use them!)

## **SPO Website**

<http://hawaii.gov/spo>

### **Current Solicitations**

... 'Procurement Notices'

### **Health & Human Service RFPs**

Click on:

... 'Health & Human Services'

... 'RFPs'

### **Contracts Database (CDRS)**

... 'Awards'

... 'Contracts Database'

***Where can I find a listing of procurement notices, health & human service RFPs, and the CDRS?***

**<http://hawaii.gov/spo>**

- ***For procurement notices***
  - Click on “Procurement Notices”
- ***For the list of RFPs and the CDRS***
  - Click on “Health and Human Services...”
  - Then “RFPs”
  - Or “Contracts Database Reporting System”

## State Procurement Office

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Questions?

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